

Message Text

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SUBJECT: CONTINUING DIFFICULTIES OF AMERICAN SUBSIDIARIES IN NAPLES

REF: (A) NAPLES 115; (B) NAPLES 146; (C) ROME 2773

BEGIN SUMMARY: PERIOD FEB. 19-26 SEEMINGLY EYE IN THE STORM OF DIFFICULTIES AFFECTING SUBSIDIARIES IN NAPLES AREA. SOME AGITATION CONTINUED, BUT THERE WERE FEW MAJOR DEVELOPMENTS AS, IN MOST CASES, FIRMS AND UNIONS WERE ENGAGED IN DETERMINING POSITIONS FOR FORTH-COMING MEETINGS WITH EACH OTHER AND WITH GOVERNMENT OFFICIALS. END SUMMARY.

1. GENERAL INSTRUMENT (GI) WORKERS FIGURED PROMINENTLY IN LOCAL HEADLINES, BLOCKING ALL NAPLES-ROME RAIL TRAFFIC FOR SEVEN HOURS,

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FEB. 19, AND STAGING DEMONSTRATION IN LOCAL OFFICES OF RAI-TV, FEB. 21, TO PROTEST DISMISSALS. GI MANAGEMENT HAS (A) RESPONDED NEGATIVELY TO WORKERS' PROPOSAL OUTLINED IN REF. A; (B) ATTENDED SEVERAL INCONCLUSIVE MEETINGS AT SUB-MINISTERIAL LEVEL IN ROME; AND, (C) INFORMED US THAT IN THEIR VIEW TWO ADDITIONAL MONTHS MAY PASS PRIOR TO INITIATION OF SERIOUS NEGOTIATIONS BY UNIONS TO LIFT OCCUPATION OF GI PLANTS AND RESUME PRODUCTION.

2. ACCORDING RICHARDSON-MERRELL (R-M) PRESIDENT HERNANDEZ, EFFECT OF FEB. 14 MEETING AT REGION (REF. B) HAS BEEN TO LOWER SIGNIFICANTLY

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LEVEL OF AGITATION AND TENSION AT NAPLES PLANT. ALL PARTIES (UNIONS,

FACTORY COUNCEL, AND MANAGEMENT) PREPARING FOR FOLLOW-ON MEETING, AGAIN AT REGION, MARCH 13. MERRELL INTERNATIONAL PRESIDENT J. K. LINDSAY AND INT'L VICE PRESIDENT FOR PERSONNEL JOSEPH BEVAN, IN SEPARATE CONVERSATIONS WITH COMMERCIAL OFFICER, EVIDENCED INCREASING AWARENESS OF QUOTE UNIQUE UNQUOTE NATURE OF NAPLES ENVIRONMENT AND OF NEED TO FIND QUOTE ITALIAN SOLUTION UNQUOTE TO R-M'S DIFFICULTIES HERE.

3. SPERRY SUD LOCAL MANAGER ROSSI INDICATED THAT NATION-WIDE ASSEMBLY OF SPERRY RAND/UNIVAC FACTORY COUNCIL REPRESENTATIVES (REF. B), FEB. 20, WAS WELL-ATTENDED AND SHARPLY CRITICAL OF MANAGEMENT" BUT

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ORDERLY. UNIONS DEMANDED QUOTE CLEAR AND CREDIBLE UNQUOTE COMPANY PROGRAM FOR MANUFACTURE AT NAPLES FACILITY OF NEW PRODUCTS WITH LONG-RANGE MARKET PROSPECTS. LOCAL MANAGEMENT NOW WORKING TOWARDS APRIL 10 MEETING WITH UNIONS, PROBABLY UNDER AUSPICES OF UNDER SECRETARIES OF LABOR AND OF INDUSTRY/COMMERCE. HOWEVER, POTENTIAL PRODUCTS MUST BE IDENTIFIED AND PRODUCTION PROGRAMS DEVELOPED AND APPROVED BY U.S. MANAGEMENT, AND ROSSI REMAINS IN DOUBT WHETHER U.S. HIERARCHY WILL RESPOND ADEQUATELY, AND WITH DEGREE OF URGENCY, NECESSARY TO HEAD OFF FURTHER LABOR DIFFICULTIES.

4. OTHER DEVELOPMENTS DURING PERIOD INCLUDED: (A) 24-HOUR STRIKE AT MOBIL OIL REFINERY IN SUPPORT OF NATIONAL LABOR CONTRACT NEGOTIATIONS, BUT ALSO WITH INFUSION OF LOCAL ISSUES. WORKERS INCREASINGLY CONCERNED REGARDING FUTURE OF REFINERY, AS CRUDE RUNS HAVE BEEN REDUCED, NO NEW INVESTMENT IS SN PROSPECT, AND RUMORS RIFE RE TRANSFER OF SOME OPERATIONS TO OTHER SITES (MOBIL, IN FACT, PLANS TRANSFER SOME OPERATIONS, BUT FIVE YEARS HENCE); (B) CONTINUING DEBATE WITHIN MANAGEMENT OF AMERICAN UNIFORM COMPANY (AMUCO LOCATED IN AVELLINO) REGARDING STRATEGY AND TIMING FOR PLACING FIRM'S 325 EMPLOYEES (NOT 130, AS REPORTED REF. B) UNDER WAGE SUPPLEMENT FUND FOR TWO OAYS PER WEEK; AND,(C) APPARENT SUCCESSFUL CONCLUSION OF

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SERVRITE LABOR NEGOTIATIONS, WITH LAST OF DISMISSED WORKERS ACCEPTING SEVERANCE PAY FEB. 26.
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5. COMMENT: ALTHOUGH NONE OF DIFFICULTIES OF AMERICAN SUBSIDIARIES IN AREA CAN BE SAID TO BE RESOLVED (EXCEPT FOR SERVRITE SEPARATION AGREEMENT), DEVELOPMENTS DETAILED ABOVE AND IN PREVIOUS MESSAGES HAVE SERVED TO PUT TEMPORARY LID ON KEY RICHARDSON-MERRELL AND SPERRY SUD PROBLEMS, AS WELL AS OTHER EMERGING SITUATIONS. SOME LOCAL ATTENTION HAS ALSO BEEN DIVERTED BY NATION-WIDE STRIKE OF PUBLIC AND QUASI-PUBLIC EMPLOYEES FEB. 26, EXASPERATING (FOR NEAPOLITANS) SERIES OF LOCAL TRANSPORT STRIKES, AND STRIKE OF EMPLOYEES OF U.S. BASES

(REF.C). AS RESULT, FIRMS APPEAR TO HAVE GAINED LIMITED BREATHING SPACE IN WHICH TO MAKE DECISIONS RE FUTURE PROGRAMS AND COURSES OF ACTION.

6. HOWEVER, U.S. FIRMS STILL REMAIN OUT IN FRONT OF BOTH ITALIAN AND OTHER FOREIGN FIRMS IN AREA WITH (ACCORDING NAPLES INDUSTRIALISTS UNION OFFICIAL) 334 OF 400 WORKERS IN PROCESS OF DISMISSAL, BEING FIRED BY U.S. FIRMS. EVEN MODERATE PRESS MISSING FEW OPPORTUNITIES TO EXPRESS ITS DISAPPROVAL OF MULTINATIONALS WHICH PROFIT FROM GOI FINANCING AND TAX INCENTIVES AND THEN SEEK TO REDUCE EMPLOYMENT LEVELS IN MOMENT OF AREA ECONOMIC CRISIS. HOROWITZ

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